



SMALL BUSINESS ADMINISTRATION (SBA)

STANDBY AGREEMENT

To induce _____ ("Lender") to make,
(SBA or other Lending Institution)

and in consideration of the making by Lender of all, or any part, of the Loan ("Loan"), authorized to be made to

("Borrower"), by Authorization of SBA dated _____, 19____, and any and all amendments in loan conditions, heretofore and hereafter made (which Authorization and amendments are hereinafter collectively called "Authorization").

Borrower, _____

(Name of Standby Creditor)

("Standby Creditor") and each endorser, grantor and surety with respect to the Claim (as "Claim" is hereinafter defined) who is a party hereto ("Secondary Obligors"), hereby severally represent, warrant and covenant to and with each other, and to and with the Lender, its successors and assigns, as follows:

1. There is owing by Borrower to Standby Creditor the amount of _____ Dollars (\$ _____) without interest* with interest at the rate of _____ percent per annum from _____* (which amounts and all interest, if any, now and hereafter owing thereon, are in this Agreement collectively called "Claim"). The Claim is not evidenced by any promisory note, bond or other written obligation of any kind whatever except, _____. A true and correct copy of each such note, bond or other written obligation (if any) is annexed hereto and made a part hereof. The name of each endorser, guarantor and surety (if any), liable upon the Claim, or any part thereof, is as follows:

_____.

2. Without the prior written consent of Lender, Standby Creditor and the Secondary Obligors will take no action (a) to assert, collect or enforce all, or any part of, the Claim, except amounts which Standby Creditor is permitted to receive and retain pursuant to the Authorization; or (b) to realize upon any collateral for the Claim, except collateral specified in, and permitted to be realized upon by, the Authorization, and except collateral given prior to the date of Borrower's application for the Loan, provided that no action shall be taken to realize on any collateral, the lien on which Standby Creditor is required by the Authorization to subordinate to the lien of the mortgage securing the Note of Borrower, SBA Form 147, ("Note") executed pursuant to the Authorization.

3. Standby Creditor and the Secondary Obligors will promptly pay to the holder of the Note (unless the Authorization provides otherwise) all amounts which may be received by them or any of them on account of the Claim, except that there need not be paid to such holder any proceeds of collateral realization upon which is permitted by the preceding Section 2(b) hereof, or such amounts, if any, as Standby Creditor may be entitled to receive and retain pursuant to the Authorization, or such amounts, if any, as shall be paid to Standby Creditor on account of the Claim by the Secondary Obligors, or any of them, who have executed this Standby Agreement.

4. Borrower will not (unless the Authorization provides otherwise) pay the amount of, or any amount on account of, or give any collateral, as security for, the Claim, to Standby Creditor, or to the Secondary Obligors, or any of them, except the proceeds of the collateral, if any, realization upon which is permitted by the preceding Section 2(b) hereof and except such amounts, if any, as the Authorization may permit Borrower to pay to Standby Creditor.

5. Standby Creditor and the Secondary Obligors shall forthwith release and deliver to Borrower all collateral upon which realization is not permitted by the preceding Section 2(b) hereof, and, if the collateral is held by a party who is not a party to this Standby Agreement, will forthwith direct and require such party to release and deliver all such collateral to Borrower or Lender.

6. This Standby Agreement and all obligations hereunder or with respect hereto, of Borrower, Standby Creditor, and the Secondary Obligors, shall continue in full force and effect until payment in full of the indebtedness evidenced by the Note, notwithstanding any action which Lender, or Borrower, or others, with the consent of Lender, may take or refrain from taking

*Strike out whichever words pertaining to interest are inapplicable.

SBA FORM 155 (5-89) REF: SOP 5010 PREVIOUS EDITIONS ARE OBSOLETE.

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with respect to such indebtedness, or the Note, or any collateral or subcollateral therefor, or any agreements (including guaranties) executed in connection therewith, or any collateral given to secure the performance of any such agreement or agreements. Standby Creditor and the Secondary Obligors hereby grant to Lender full power, in its uncontrolled discretion and without notice to Standby Creditor or Secondary Obligors, to deal in any manner with the indebtedness evidenced by the Note and the collateral therefor, including, but without limiting the generality of the foregoing, the following powers:

- (a) To modify or otherwise change any terms of all or any part of the Loan or the rate of interest thereon (but not to increase the principal amount of the Note, except as provided therein), to grant any extension or renewal thereof and other indulgence with respect thereto, and to effect any release, compromise or settlement with respect thereto.
- (b) To enter into any agreement of forbearance with respect to all or any part of the indebtedness evidence by the Note, or with respect to all or any part of the collateral securing the Note, and to change the terms of any such agreement.
- (c) To forbear from calling for additional collateral to secure the Note or to secure any obligation comprised in the collateral securing the Note.
- (d) To consent to the substitution, exchange, or release of all or any part of the collateral securing the Note, whether or not the collateral, if any, received by Lender upon any such substitution, exchange, or release shall be of the same or of a different character or value than the collateral surrender by Lender.
- (e) To forbear from realizing on any or all of the collateral securing the Note as in its uncontrolled discretion Lender may deem proper.

The obligations of Standby Creditor and the Secondary Obligors hereunder shall not be released, discharged, or in any way affected, nor shall Standby Creditor or the Secondary Obligors have any rights or recourse against Lender by reason of any action Lender may take or omit to take under the foregoing powers.

(7) The failure of any party, whether or not named or otherwise referred to as a party hereto, to sign or become obligated under this Standby Agreement, shall not release or affect the liability of any party signatory hereto.

This agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Dated, this _____ day of _____, 19 _____

(1) _____

Signed and sealed in the presence

Borrower

(2) _____

Witness

Standby Creditor

(3) _____

Guarantors, Endorsers, Sureties

Address (include ZIP Code)

NOTE---This Standby Agreement (a) should be executed, and witnessed or acknowledged, all in a manner satisfactory to Lender's counsel; and (b) may contain such further provisions as the Lender deems advisable or necessary.